

DIRECTIVE

WORKFORCE INVESTMENT ACT

Number: WIAD04-4

Date: August 18, 2004
69:116:lh:8533

TO: WORKFORCE DEVELOPMENT COMMUNITY

SUBJECT: RECOVERY OF WIA TUITION AND TRAINING REFUNDS

EXECUTIVE SUMMARY:

Purpose:

The purpose of this directive is to inform the Local Workforce Investment Areas and other subgrantees, hereafter referred to as subrecipients, of the requirement to have policies and procedures in place to recover Workforce Investment Act (WIA) training and/or tuition refunds.

Scope:

This directive applies to all subrecipients of WIA funds.

Effective Date:

This directive is effective on date of issue.

REFERENCES:

- One-Stop Comprehensive Financial Management Technical Assistance Guide (TAG), Department of Labor, July 2002, Chapters II-6-9, WIA Individual Training Accounts (ITA)
- WIA Section 185(c)(3)
- Title 20 Code of Federal Regulations (CFR), WIA Final Rule, Section 667.410(a)(1)
- Title 20 CFR Part 663, Subpart D
- Title 29 CFR Part 97.37
- Office of Management and Budget Circulars (OMB) A-87, Cost Principles for State, Local and Indian Tribal Governments
- WIA Information Bulletin WIAB03-94, Recovery of WIA Tuition and Training Refunds (June 23, 2004)

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STATE-IMPOSED REQUIREMENTS:

This directive contains some State-imposed requirements. These requirements are indicated by ***bold, italic*** type.

FILING INSTRUCTIONS:

This directive finalizes WIA Draft Directive WIADD-78, issued for comment on July 27, 2004. Retain this directive until further notice.

BACKGROUND:

The WIA Final Rule, Title 20 CFR 667.410(a)(1) states it is the responsibility of the recipient and each subrecipient to conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to determine expenditures have been made against the cost categories and within the cost limitations specified in WIA and the regulations. A recent Department of Labor audit found that some subrecipients do not have a process or procedure in place for the recovery of unused WIA training monies and/or tuition refunds.

POLICY AND PROCEDURES:

All subrecipients of WIA funds must produce and maintain a written policy/procedure at the local level to ensure the recovery of unused WIA training monies. The policy/procedure should include but not be limited to:

- ***Who the responsible party is for acknowledging/determining a refund is due for early termination of a participant's training.***
- ***How often the participant is tracked to determine the participant is still receiving training and to ensure prompt return of any unused training monies.***
- ***Who is responsible for the collection process of any outstanding training and/or tuition refund.***

Procedure:

Subrecipients should obtain the designated training provider's standard policy regarding the amount of tuition that must be paid in advance to enroll or accept a participant. The TAG Chapter II-6-9 states that "unless specifically required as a condition of attendance, as in a tuition payment required before beginning a formal training course, payment should not be made in advance of the receipt of services." Subrecipients should negotiate any advanced payments with the training provider in order to minimize out of pocket expense prior to the start of training.

The subrecipient must also verify the refund policy of the training provider for early termination of the participant from the training program. Items to research are:

- Percentage of the advanced payment to be returned upon non-completion of courses
- Turnaround time of refund
- Time spent in training before a refund will no longer be honored
- Requirement for the training provider to notify the subrecipient of early participant dropout

It is recommended to have these agreements in the form of a contract with the training provider to ensure prompt return of any unused WIA funds for early participant dropout.

Each month subrecipients should check with training providers to ensure clients are still in the training program. If not able to check monthly, the subrecipient must check at least quarterly. If services are no longer being rendered within the refund time line agreed upon in the training provider's contract, then a refund for the portion of services not received must be recovered. Failure to recover these costs will result in an audit finding and disallowed costs.

ACTION:

Bring this directive to the attention of all appropriate staff and subrecipients.

INQUIRIES:

If you require further information regarding this directive, please contact your Regional Advisor or Program Manager at (916) 654-7799.

/S/ BOB HERMSMEIER
Chief
Workforce Investment Division